

MINUTES
Budget Committee Meeting
May 26, 2011

The meeting was called to order at 6:45 p.m. by Mayor Dennis Doyle. Present were Councilors Catherine Arnold, Ian King, Marc San Soucie, and Cathy Stanton, and Members Allen Dawson, Jose Galindez and Alternate Member Geoff Dougall. Councilor Betty Bode and Members Karmen Bickel, Randy Blake, and Traci Stout were excused. Also present were Patrick O'Claire, Finance Director; Randy Ealy, Chief Administrative Officer; J.J. Schulz, Interim Assistant Finance Director; Don Mazziotti, Community Development Director; Brad Roast, Building Official; Scott Keller, Senior Program Manager; Jayne Scott, Senior Program Manager, and Joanne Harrington, Recording Secretary.

ELECTION OF OFFICERS

Mayor Doyle called for election of officers; Chair, Vice Chair and Secretary.

Councilor King MOVED/SECONDED to nominate and elect Jose Galindez as Chairman.

Councilor San Soucie MOVED/SECONDED to nominate and elect Randy Blake as Vice Chair, and Allen Dawson as Secretary.

The motions CARRIED unanimously.

FISCAL YEAR 2011-12 PROPOSED BUDGET

Mayor Doyle thanked Patrick O'Claire and the Finance staff for preparing the proposed budget and the Department Heads for their work in compiling a budget that supports the City Council's long range goals, annual priorities and the City's Ten Point Plan.

Mayor Doyle made opening comments and reviewed portions of the Mayor's FY 2011-12 Budget Message. He said he's proposing a reduction in the tax rate of 5 cents.

Chair Galindez made opening comments and thanked the Finance staff for the budget.

Mr. O'Claire said the alternate Budget Committee Member can be an active participant in the meeting, but cannot vote.

Mr. O'Claire reviewed the Schedule of Taxes Assessed, Levy Rates, and Assessed Valuations for FY 2011-12. He said for each cent levied, it produces net property tax collections of about \$75,000. Mr. O'Claire said the proposed FY 2011-12 budget reflects a 5 cent reduction in the tax rate which equates to \$336,000 of foregone revenue that will be absorbed by the General Fund.

Councilor King asked if the reduced tax rate would affect the millage rate next year or would the City be required to increase the millage rate to maintain the same level of services proposed in the FY 11-12 budget.

Mr. O'Claire said that it depends on values of new construction. He said it is a decision that will need to be made when the Budget Committee convenes next year for the FY 2012-13 budget.

Councilor Stanton asked Mr. O'Claire to provide a model that shows the effect of the 5 cent reduction to the tax rate.

Chair Galindez asked Mr. O'Claire to prepare a schedule that projects the effect of the 5 cent reduction to the tax rate on salaries and other expenses and distribute it to the Budget Committee.

Mr. O'Claire said the proposed budget was compiled using the population estimate of 88,017. He said that following the census, Portland State University certified the City's population as 89,925.

Mr. O'Claire explained how the State Revenue Sharing funds, ODOT's gas tax and other taxes are distributed based on the revised certified populations.

Mr. O'Claire said Business License revenue is on target, but the Building revenue collection is at 79% and the targeted amount is 81%. He said that this time next year will be a crucial time to determine how the Building Fund is performing.

Mr. O'Claire reviewed the WCCLS funding and said that the Branch Library is very successful and has a lot of circulation. He said the funding formula that staff thought would be in place to fund the Branch Library did not materialize, and the effect is that the General Fund will need to continue to support the Branch Library operations in the amount of about \$450,000 per year.

Mr. O'Claire reviewed the Water Fund revenue and said it is decreasing due to reduced consumption. He said the proposed budget includes increasing the fixed water charge by \$1 for ¾ inch meter with a similar percentage increase across all meter sizes. Also, a 10 cent increase in consumption rate that is to be effective January 1, 2012, is proposed. He said these changes will be presented at a public hearing to the City Council.

Councilor Stanton asked for an explanation of how the increase will be used.

Mr. O'Claire said the increase will be used for maintaining the water system which includes meter reading, waterline maintenance, water testing, water purchases from the JWC, providing capital to the JWC treatment plant, and rehabilitation and construction. He said the base rate has not been increased for a number of years.

Mr. O'Claire reviewed PERS rates and funding. Mr. O'Claire anticipates that there will be about \$4.7 million dollars in the City's PERS reserve account as of June 30, 2011. Per the last actuarial evaluation, the City is about 14 percent underfunded as of a snapshot at December 31, 2009.

Mr. O'Claire said the proposed budget includes a 1.5 percent fiscal adjustment across all classes of employees with a total cost of about \$640,000. There is also an increase of about \$711,000 across all classes of employees for medical and dental plan increases.

Mr. O'Claire reviewed the Summary Schedule of Fund Balances of Revenues and Expenditures from FY 2001-02 to Proposed FY 2011-12 Budget for the General, Street, Building and Library Operating Funds.

Mr. O'Claire said the Street Fund Contingency is very healthy at \$2.98 million.

Mr. O'Claire said about mid- fiscal year, the Building Fund will need to be evaluated.

Mr. O'Claire said the Library Fund is showing a surplus at the end of this fiscal year.

Mr. O'Claire reviewed the new positions in the proposed FY 2011-12 budget. He said the General Fund is proposing an additional 4.57 FTE positions which include the addition of 1 FTE Community Involvement Communications Specialist, 1 FTE Volunteer and Diversity Outreach Coordinator, 1 FTE General Services – Records Manager, 1 FTE Finance Operations Manager, .17 increase to Associate Judge FTE, 2 FTE Judicial Court Supervisors, 1 FTE Community Services Specialist, .40 increase to

Support Specialist FTE, and the elimination of 1 FTE Deputy City Recorder position and 2 FTE Court Clerk positions.

Mr. O'Claire reviewed the proposed FTE increases in the Street, Library, Sewer, Storm Drain, Operations Administration, and Arts Commission Fund.

Mr. O'Claire reviewed the Schedule of Fund Contingency Proposed FY 2011-12 Budget as Compared to the Proposed FY 2010-11 Budget.

Mr. O'Claire reviewed Proposed Amendments to the FY 2011-12 Budget (Packet No. 1).

Councilor San Soucie asked for a breakdown of the percentage of proposed vehicle and equipment replacements in relation to the entire City fleet, including the Public Works fleet.

Mr. O'Claire said he would provide that information.

City Council

Mr. Ealy reviewed the City Council's proposed FY 11-12 budget. He said the Management Audit has not been completed yet, but might take place before the end of the fiscal year.

Councilor Stanton said the Council budget includes items that she did not submit.

Mr. Ealy pointed out that the Unity Walk was added to the Council budget.

Mr. O'Claire said that the Unity Walk had been budgeted in the Mayor's budget in prior years, and staff recommended moving it to the Council budget to give it more of a Council presence to the community.

Councilor Stanton commented that no one knows where the money comes from for an event.

Councilor San Soucie said that since the City has an events program and an Arts program, it would seem to be a more appropriate place to budget the Last Tuesday and the Unity Walk.

Councilor King said these events do not fit in the Council budget and he would rather see them budgeted in the Mayor's Office.

Councilor Stanton requested that Mr. O'Claire prepare an Amendment that will transfer \$11,700 for the events at the Round and the Unity Walk out of the Council budget and to a more appropriate program.

Councilor King said he supports the amendment that Councilor Stanton proposed.

Councilor San Soucie said there are more Council goals than listed in the budget.

The Councilors discussed the Council's City-wide Goals and Mission Statement.

Councilor Stanton said that the goals that are listed in the budget are ones that the Councilors will be working towards this year at a much higher level than some of the other items on the list.

Mayor's Office Programs

Mr. Ealy reviewed the Mayor's Office proposed FY 2011-12 budget. Mr. Ealy distributed an outline of the fifteen programs in the Mayor's Office and briefly discussed each.

Mr. Ealy explained the need for the new 1 FTE Communications Specialist position that is in the proposed FY 2011-12 budget. He said the climate survey that was conducted revealed that employees would like better communication and this position will assist with that need.

Ms. Scott discussed the new Arts, Culture and Events (ACE) program in the Mayor's Office. She said the ACE program includes Sister Cities, city events, and diversity task force. She explained the purpose of the proposed new Volunteer & Diversity Outreach Coordinator position. She said that this position would be a connector between the City and the people of color and would reduce staff overtime.

Councilor Arnold said that the intention of the new position is good, but she has an issue with the diversity part of the position. She said it will be difficult for a City employee to meet with a group from another culture and connect.

Councilor King said that the new position makes us feel good, but he needs to know how to measure the success of this position and whether or not it has done what it is supposed to do and if not, if the position be discontinued.

Councilor San Soucie explained his involvement with a diversity task force and said that he agrees with Ms. Scott's ideas for the new Outreach Coordinator and believes it is an important step for the citizen profile.

Councilor Stanton listed the various volunteer coordinators within the City and how many volunteer hours that have been worked in each department. She said that she has worked with some of the Somalia people teaching them living skills and feels that they will not join any City committee within the next five years because they are still learning the culture. She said that the budget amount for the new Outreach Coordinator is a lot of money and that she would need to know what this position will do in a year's time to make it worthwhile.

Councilor King said that he is not comfortable going forward with the new Volunteer & Diversity Outreach Coordinator position at this time because he does not know how it is going to operate, what it is going to do and what the measure is going to be. He said the Council needs to discuss this issue and make sure they are doing the right thing with a cohesive approach.

Mr. Dougall expressed his concerns for the new Outreach position.

Mayor Doyle said that he hears the concern from Council and suggests pulling the new Outreach position for discussion and possibly consider it for November. He said that he accepts responsibility for not being better prepared to discuss the new position.

Councilor Arnold discussed the many needs of the other cultures within the City and said that it is important to understand their culture before you can help them. She said that she wants to reach out to the people of the different cultures and not just try to get them to join a committee.

Councilor Stanton asked where the positions in the ACE program came from.

Ms. Scott explained that the positions within the ACE program transferred from other programs within the Mayor's Department.

Councilor King said that for a year he has asked for an explanation as to what the Sister Cities Coordinator position does. He wants to have a work session with the Council regarding the Sister

Cities program. In November he wants to review this position and determine whether or not it should be eliminated. He said that he fully supports the program, but needs to understand how it is being administered.

Mr. Ealy said that Councilor King's point has been taken and that they will do their homework and will set work sessions with City Council regarding Sister Cities.

Councilor Stanton asked for clarification of the events that the ACE program would coordinate.

Ms. Scott explained which events that the ACE program would be responsible.

Mr. Dougall pointed out that the salary level for the positions that transferred to the ACE program appears to have increased 10%.

Mr. O'Claire explained that the increase was most likely due to the fiscal adjustment and possibly staff's progression in the salary range.

General Services Department

Mr. Ealy reviewed the General Services Department's proposed FY 2011-12 budget. He said a new Records Manager position is being proposed in the FY 11-12 budget. A major objective for the Records Management program is working on the HP Trim Pilot Project.

Councilor Stanton discussed the specific responsibilities of the City Recorder and said it is too much work for one person to handle. She requested that the Deputy City Recorder position be reinstated.

Non-Departmental – Energy and Conservation Grant

Mr. Ealy reviewed the Energy Efficiency and Conservation Grant proposed FY 2011-12 budget.

Councilor San Soucie said one of the ideas being considered when the grant was accepted and the street light installations were authorized was that the savings in electricity costs could be used to fund additional street light replacements. He asked if this was still part of the plan.

Mr. Ealy said that he will talk with the Public Works Director and see if that is possible.

Mr. O'Claire said that the intent was to monitor the savings and he explained how energy rates for street lights are paid.

Mr. Dougall asked if the revolving loan program would be paid back.

Mr. O'Claire said that the intent was that as funds were repaid, they would then be available to loan out to other individuals. He said there is a third party administrator that is monitoring the program.

Reprographics Fund

Mr. Keller reviewed the Reprographics Fund's proposed FY 2011-12 budget. He said Reprographics staff will continue to take an active role in facilitating reduced paper usage, copier management, and postage savings whenever possible to help counteract the increased cost of paper, postage and other supplies.

Mr. Dawson asked if Reprographics' outsourcing was with local businesses.

Mr. Keller said they have a bid list of local and/or interested vendors that they use to request bids for a particular project.

Beaverton Arts Commission

Ms. Scott reviewed the Beaverton Arts Commission's proposed FY 2011-12 budget. She said the .50 FTE Support Specialist position is recommended to increase by .50 FTE to make it a full time position.

Community Development Department

Mr. Mazziotti reviewed the Community Development Department's (CDD) proposed FY 2011-12 budget.

Mr. Mazziotti said the department is divided into three divisions: Administrative, Planning and Redevelopment. He said the department is also engaged in nine other activities which include Area 6B Concept Planning, Civic Plan Implementation, Section 122 and Urban Planning Area Agreement update with the county, Urban Services Boundary analysis, Customer Service Initiative, Urban renewal education vote and formation, Metro staff support, Urban Renewal, and property acquisitions.

Mr. Mazziotti commented that the department's proposed FY 11-12 budget is \$151,342 less than last fiscal year's budget. He said they have maintained the same staffing levels as last year.

Councilor San Soucie requested that they replace the CDD conference room chairs.

Mr. O'Claire said that the chairs can be replaced in FY 11-12.

Councilor San Soucie said that he does not want to see any further staff reductions in Building Department and he does not want to see the service outsourced.

Mr. Galindez asked Mr. Mazziotti to present any concerns and recommendations that he has regarding staffing levels in CDD and Building.

Mr. Roast said the City is vulnerable because inspectors are completing on the average twenty-plus inspections per day. He said there are some peak days when each inspector has to complete thirty inspections each.

Mr. Mazziotti said that another concern is the hourly wage for temporary City inspectors is about \$10 per hour less than most other jurisdictions so they are having difficulty hiring temporary inspectors.

Councilor Arnold asked why there were Building Department staff reductions when there are twenty or more inspections per day.

Mr. Roast said the number of inspections is about half of what they used to be, but now there is only half the staff handling them. He said the inspection staff has always had a high number of inspections to complete on a daily basis.

Mr. Dougall said if the City's permit fees are not adequate to cover staff costs maybe they need to be revised.

Mr. Mazziotti said they recently completed a 28 jurisdiction analysis and the City falls generally in the middle of those fees. He said if the fees are too high, we discourage development, and if the fees are too low, we cannot cover costs.

There being no further business to discuss the meeting was recessed at 10:05 p.m., until Tuesday, May 31, 2011, at 6:00 p.m.

Recorded by
Joanne Harrington
Recording Secretary

APPROVED BY Allen Dawson, Secretary